

Message Text

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DEPT PASS APPROPRIATE POSTS FOR O'NEILL

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SUBJ MARITIME COMMUNICATIONS SATELLITE SYSTEM

REF STATE 016188; DEPT'S A-46, JAN. 6, 1975; OTTAWA 49

1. MARITIME SATELLITE QUESTION DISCUSSED JANUARY 28 WITH JOSEPH S. STANFORD, DEPUTY DIRECTOR, LEGAL ADVISORY DIVISION, EXTAFF, WHO ADVISED TCO THAT HE WILL BE PRINCIPAL CANREP AT LONDON CONFERENCE IN APRIL. CABINET MEMORANDUM IN LAST STAGES OF PREPARATION BUT WILL BE CONFINED TO VERY GENERAL CONCEPTS (I.E., EFFORT TO ESTABLISH SMALL, INTERNATIONAL ORGANIZATION AND MINIMIZE COSTS TO CANADA FROM PARTICIPATION). DETAILED POSITIONS WITHIN THIS FRAMEWORK WILL BE WORKED OUT IN INTERAGENCY COMMITTEE WITHIN NEXT SEVERAL WEEKS AND NEED NOT GO TO CABINET, HE ADVISED. INTERAGENCY COMMITTEE WILL WELCOME VISIT FROM US TEAM TO DISCUSS ISSUES IN DETAIL.

2. STANFORD INDICATED THAT ON THE BASIS OF COMMITTEE'S DELIBERATIONS TO DATE HE COULD STATE THAT GOC FULLY ACCEPTS CONCEPT THAT A MEMBER GOVERNMENT MIGHT DESIGNATE

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A TELECOMMUNICATIONS ENTITY TO ASSUME, ON BEHALF OF

THE GOVERNMENT DESIGNATING IT, FULL FINANCIAL AND OPERATING RESPONSIBILITY IN ANY INTERNATIONAL ARRANGEMENT. HE INDICATED, HOWEVER, THAT THE EXPRESSION "ON BEHALF OF THE GOVERNMENT DESIGNATING IT" WAS EXTREMELY IMPORTANT SO FAR AS GOC CONCERNED. THE BASIC OBLIGATION TO THE SYSTEM (THAT IS, ULTIMATE RESPONSIBILITY FOR ADHERENCE TO THE TERMS OF THE AGREEMENT) MUST REMAIN THAT OF GOVERNMENTS AND SHOULD NOT BE DIVESTABLE TO AN OPERATING ENTITY. STANFORD FURTHER INDICATED THAT GOC NOT LIKELY TO OBJECT IN PRINCIPLE TO THE CONCEPT OF DRAFTING TWO CONVENTIONS (ONE INTERGOVERNMENTAL, THE OTHER OPERATING) BUT HE WONDERS WHETHER THE CONFERENCE WILL ACCEPT THE CONCEPT WHICH MANY FEEL WOULD MAKE THE EXERCISE OF REACHING AGREEMENT UNDULY COMPLICATING. GOC, IN PARTICULAR, WOULD NOT LIKE TO SEE EITHER THE PROCESS OF REACHING AGREEMENT OR THE RESULTING DOCUMENTS AS COMPLEX AS WAS THE CASE WITH INTELSAT.

3. IN LIGHT OF O'NEILL-O'CONNOR JANUARY 21 TELECON, STANFORD AND TOC ALSO REVIEWED THE VARIOUS POINTS CONTAINED IN THE ATTACHMENT TO REFAIR. HE SUGGESTED GOC AND USG WERE IN AGREEMENT WITH RESPECT TO CONCEPT THAT A PARTICIPANT'S INVESTMENT AND VOTE ON OPERATING AND FINANCIAL MATTERS SHOULD BE DIRECTLY PROPORTIONATE TO ITS ACTUAL USE OF THE SYSTEM. HOWEVER, HE CAUTIONED THAT THERE WAS A QUESTION OF HOW USE SHOULD BE COUNTED AND REFERRED TO CONTROVERSY AS TO WHETHER THE EMPHASIS SHOULD BE ON THE ORIGIN OR LAND-END OF THE TRAFFIC. HE STATED THAT THE U.S. SEEMS TO EMPHASIZE THE LAND-END, WHEREAS CANADA FAVORS BASING IT ON ORIGIN SINCE THERE ARE RELATIVELY FEW CANADIAN FLAG VESSELS AT SEA WHICH WOULD BE ORIGINATING OR RECEIVING TRAFFIC. HE POINTED OUT THAT ORIGIN FORMULA WOULD MINIMIZE COST TO CANADA OF PARTICIPATING IN PROPOSED SYSTEM AND THAT PRINCIPLE OF MINIMIZATION HAS A HIGH VALUE SO FAR AS GOC CONCERNED.

4. WITH RESPECT TO ACCESS, STANFORD NOTED PRECISE POSITION OF GOC NOT YET FULLY DEVELOPED AND THAT FORMULATION IN US PAPER (ENCLOSURE T REFAIR) NOT LIMITED OFFICIAL USE

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COMPLETELY CLEAR. IN GENERAL, GOC WOULD SUPPORT THE PRINCIPLE OF UNIVERSAL ACCESS BUT, HE SUGGESTED, DISCUSSION AT THE APRIL CONFERENCE WILL BE ON THE TERMS AND CONDITIONS OF ACCESS. HE BELIEVES THAT WITHIN THIS FRAMEWORK CANADIAN POSITION WILL BE THAT A STATE MAKING AN INVESTMENT IN THE SYSTEM SHOULD NOT HAVE TO PAY AS MUCH FOR USE AS A NON-CONTRIBUTOR. HOWEVER, THE ISSUE HAS NOT YET BEEN FULLY DISCUSSED IN THE INTER-

AGENCY COMMITTEE AND HE HIMSELF HAD NOT YET ANALYZED THE LANGUAGE IN THE POE DRAFT DEALING WITH DISCRIMINATION IN TERMS OF ITS POSSIBLE AMBIGUITY.

5. ON THE QUESTION OF PROCUREMENT, STANFORD ALSO NOTED THAT THE GOC POSITION WAS STILL IN AN EMBRYONIC STAGE AND HAS NOT BEEN DISCUSSED SINCE LAST NOVEMBER. AT THAT TIME THE RECOMMENDATION OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (THE AGENCY MOST CONCERNED) WAS THAT THE GOC SHOULD SUPPORT USG POSITION. IF USG POSITION DOES NOT CARRY, THEN GOC SHOULD SEEK TO RELATE PROCUREMENT TO INVESTMENT SHARES IN ORDER THAT CANADA MIGHT GET A PIECE OF THE ACTION. HOWEVER, STANFORD NOTED THAT PROCUREMENT MAY BECOME AN ISSUE ONLY IF THE ORGANIZATION OWNS AND OPERATES ITS OWN SYSTEM. IF THE ORGANIZATION ENTERS INTO A LEASE ARRANGEMENT WITH INTELSAT THEN THE QUESTION WILL BECOME SIMPLY ONE OF INTELSAT PROCUREMENT ON WHICH POLICY HAS ALREADY BEEN DETERMINED.

6. IN CONCLUSION, STANFORD POSED A QUESTION AS TO WHETHER IT IS STILL USG POLICY TO OPPOSE THE CREATION OF ANY NEW INTERNATIONAL ORGANIZATION AND TO LEAVE THE ENTIRE FIELD TO INTELSAT. ON THE BASIS OF THE INFORMATION IN THE REFTEL AND ATTACHED TO REFAIR IT DID NOT APPEAR THAT EMBASSY HAD ANY BASIS ON WHICH TO RESPOND TO THIS QUESTION. DEPARTMENT REQUESTED PROVIDE GUIDANCE.
PORTER

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